

**LEGISLATIVE SERVICES AGENCY**  
**OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**  
**FISCAL IMPACT STATEMENT**

**LS 6241**

**BILL NUMBER:** HB 1012

**NOTE PREPARED:** Jan 16, 2026

**BILL AMENDED:** Jan 13, 2026

**SUBJECT:** Medicaid Matters.

**FIRST AUTHOR:** Rep. Clere

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) *Home and Community Based Services Waivers*: This bill amends the duties of the Office of the Secretary of Family and Social Services (FSSA) concerning Home and Community Based Services (HCBS) waivers. It sets forth requirements for conducting an audit of a provider of waiver services. It requires: (1) a waiver recipient to review the recipient's monthly statement and report errors or inconsistencies; and (2) the recipient's case manager to provide assistance to the recipient in reviewing the statements and reporting any errors. It provides that when FSSA determines an individual is ineligible for Medicaid, FSSA shall provide the specific reason for determining the individual is ineligible. It requires FSSA to review certain bank accounts in determining an individual's Medicaid eligibility. It also requires a provider of waiver services to provide a recipient and the recipient's care coordinator with certain billing statements.

**Fund:** This bill establishes the Home and Community Based Services Waiver Waiting List Assistance Fund (fund) to provide individuals on a waiver waiting list with access to certain supports. It provides that appropriations in the budget bill for Medicaid Assistance that are budgeted for a waiver that remain unexpended and unencumbered at the close of the state fiscal year and that would otherwise lapse and be returned to the state General Fund do not revert to the state General Fund, but instead shall be deposited in the fund. It also provides that, for the state fiscal year beginning July 1, 2026, and ending June 30, 2027, appropriations in the budget bill for Medicaid Assistance in an amount sufficient to cover costs incurred by FSSA in carrying out specified duties that remain unexpended and unencumbered at the close of the state fiscal year and that would otherwise lapse and be returned to the state General Fund do not revert to the state General Fund, but instead shall remain available to FSSA to cover these costs.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** (Revised) *Home and Community Based Services Waivers*: The bill's requirement to conduct annual audits of HCBS providers with fewer than 10 recipients will increase workload for FSSA beyond their current capacity. To meet the requirements of the bill, the agency would likely need to hire two full-time employees. Based on similar positions within the agency, employing the additional staff is estimated to increase the state share of Medicaid expenditures by between \$107,000 and

\$111,000 per year, inclusive of salary and benefits. [Medicaid is jointly funded between the state and federal governments with the state share of administrative costs being 50%.]

The bill also requires FSSA, beginning January 1, 2027, to provide monthly statements to HCBS waiver recipients and allows recipients to opt for a paper statement rather than an electronic statement, which would increase expenditures for postage. Any resulting increase will depend on the number of recipients opting to receive paper statements.

*Workload:* Workload will also increase for the Division of Disability and Rehabilitative Services (DDRS) Advisory Council to collaborate with FSSA to redesign the list of HCBS service providers and to review the criteria and process for approving, monitoring, and removing providers, as prescribed in the bill. This should be able to be completed within the typical meeting schedule of the Council. The Council met eight times each year in FY 2024 and FY 2025.

*Fund:* The bill establishes the non-reverting Home and Community Based Services Waiver Waiting List Assistance Fund to provide individuals on a HCBS waiver waiting list with access to supports that promote stability, readiness, and crisis prevention. The fund will be administered by FSSA with expenses for the fund paid from the fund. The fund will consist of money from the reversion of select Medicaid appropriations that would have otherwise been reverted to the state General Fund.

(Revised) *Additional Information:* Workload will increase for FSSA to do the following, as prescribed in the bill:

- administer the Home and Community Based Services Waiver Waiting List Assistance Fund;
- document compliance of service coordination requirements;
- provide monthly statements to waiver recipients;
- redesign the list of HCBS waiver service providers and review the criteria and processes for approving, monitoring, and removing service providers (in collaboration with the DDSR Advisory Council);
- provide individuals with the specific reasons why they were determined to be ineligible for Medicaid; and
- publish required information on the agency website.

**Explanation of State Revenues:** (Revised) *Fund:* The bill may result in a decrease in revenue to the state General Fund from Medicaid reversions. Beginning FY 2027, the bill requires appropriation made in the state budget for Medicaid Assistance that are budgeted for a HCBS waiver that remain unexpended and unencumbered at the close of the FY no longer revert to the state General Fund but shall be deposited into the Home and Community Based Services Waiver Waiting List Assistance Fund. It also requires that, for FY 2027 only, and only in an amount determined by FSSA as required to cover specific costs prescribed in the bill, funds appropriated in the state budget for Medicaid Assistance that would otherwise be reverted to the state General Fund at the end of FY 2027 be deposited into the fund.

There were no Medicaid appropriations reverted to the state General Fund during FY 2024 or FY 2025. Any reductions in future reversions to the state General Fund will depend on administrative action regarding the use of Medicaid Assistance appropriations. [This does not include reversions made from the Healthy Indiana Plan (HIP), since HIP is not included in the Medicaid Assistance appropriation as its funding comes from cigarette tax revenue and incremental hospital assessment fees.]

(Revised) *Additional Information:* The Medicaid Assistance appropriation is based on the latest Medicaid

Assistance Forecast issued by FSSA and totaled approximately \$4.84 B for FY 2026 and \$4.96 B for FY 2027. According to the April 2025 Medicaid forecast, the amounts of this appropriation budgeted for the state share of HCBS waiver services total \$821.0 M for FY 2026 and \$835.1 M for FY 2027.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Family and Social Services Administration; Division of Disability and Rehabilitative Services Advisory Council.

**Local Agencies Affected:**

**Information Sources:** State Comptroller's data; Liza Sherman, FSSA;  
[www.in.gov/fssa/ddars/resources/individuals/ddars-commissions-and-councils/#DDRS\\_Advisory\\_Council](http://www.in.gov/fssa/ddars/resources/individuals/ddars-commissions-and-councils/#DDRS_Advisory_Council);  
[www.in.gov/sba/budget-information/#tab-843848-2-Fiscal\\_Year\\_Close\\_Out\\_Statements](http://www.in.gov/sba/budget-information/#tab-843848-2-Fiscal_Year_Close_Out_Statements);  
[www.in.gov/sba/files/Final-April-2025-Medicaid-Forecast-Update-04152025.pdf](http://www.in.gov/sba/files/Final-April-2025-Medicaid-Forecast-Update-04152025.pdf).

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